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Office of Governmental and Public Affairs

Major News Releases and Speeches

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Testimony

U.S. Department of Agriculture • Office of Governmental and Public Affairs

Statement of Secretary of Agriculture John R. Block before the Senate Agriculture Committee's subcommittee on agricultural production, marketing and the stabilization of prices, Dec. 9, 1982

Mr. Chairman, I appreciate the opportunity to appear before your subcommittee today. We all share a common interest in returning prosperity to our farmers. While the agricultural outlook is not bright, I believe that now is not the time to concede defeat. However, in dealing with the current situation, it is important that we recognize that the actions we take in the coming months will very likely shape the future of agriculture for several years to come. We cannot compromise the future of our farmers with shortsighted quick fixes.

I realize that it is only natural for each of us to point the finger of blame at someone else. The truth of the matter is that the factors affecting the farm economy are complex, and, for the most part, beyond the direct control of anyone, including the secretary of agriculture. We must seek solutions in a bipartisan spirit if conditions are to be turned around in the farm economy.

Mr. Chairman, in my remarks today I am going to first review the developments which have shaped our current farm problem. I have a few slides which I would like to share with you on this subject. Then, I am going to discuss three policies that the president recently has endorsed. They are an innovative program to reduce stocks and lay the groundwork for price and income strength in the future; a program to share our abundance with the needy overseas; and some changes in our farm programs to ensure we do not stimulate increased production.

Finally, Mr. Chairman, I would like to share a few of my thoughts on what the government should and shouldn't do to get agriculture moving again. In particular, I am concerned about certain provisions contained in S.3074, the "Agricultural Act of 1982," which could be counterproductive in the long run.

Perspective on the Current Farm Situation

As we work together in examining actions that might be taken to improve the situation for our farmers, I believe it is critical that we understand recent developments. Several factors have come together to cause the downward pressure on prices and incomes that farmers are now experiencing. Some of the most important factors include:

- Large global supplies. There was record world production of grains, oilseeds and cotton in 1981/82; record world crops of grains and oilseeds again in 1982/83. We estimate that by the end of 1982/83 the United States will hold nearly 150 million tons of grain stocks, roughly 60 percent of the world's carryover and more grain than we export annually.
- Soviet grain embargo. The embargo has cost the U.S. a major market. The U.S. share of Soviet grain imports fell from 70 percent to less than 20 percent and is now back to about 30 percent; Canada's share doubled, Australia's tripled and Argentina quadrupled its grain sales to the Soviets.
- Global recession. Demand has been very weak. World use of feedgrains, which had been growing at a rate of 16 million metric tons each year over the past two decades, has not increased since 1978/79; world wheat consumption, which had been increasing at 10 million metric tons per year since 1960, has been flat since 1979/80.
- Strong U.S. dollar. The value of the U.S. dollar relative to 10 major currencies is at its highest level since 1969. The increasing value of the dollar has actually increased the price of our commodities in terms of foreign currencies despite the decline in prices in U.S. dollar terms.
- Unfair trade practices. The EC, Japan and others have built protective walls around their domestic markets; $6 to $7 billion of annual export subsidies has allowed the EC to compete unfairly in other markets.
- Financial plight of major importers. Financial problems of Poland Romania, Mexico, Brazil, Portugal and other middle income countries, which represent a significant portion of the foreign demand for U.S. farm products, have impacted on our export potential.

As can plainly be seen, the problems we face involve huge stocks, weak demand and successive years of large production. Thus, the key to

improved price and farm income prospects for future years is to take the necessary steps as soon as possible to get supplies more nearly into balance with demand. It is essential that in taking action that we not fall victim to the temptation of simply legislating near-term prosperity through higher price supports or other rigid non-market actions. Yielding to such temptation will only encourage farmers to produce more at a time when the market is strongly signaling the need for less.

Policy Initiatives

To effectively deal with our current farm problem we must take actions along several fronts. I am going to discuss the proposals that the president has endorsed today. Basically, his proposals fall into three categories: increased flexibility to implement a payments-in-kind—PIK—program; authority to make international donations of CCC stocks to the needy; and the authority to maintain target prices at 1983 levels in subsequent years.

Payments-in-Kind Program

Among the many proposals the department has been considering is one calling for payments-in-kind to farmers who agree to reduce their production beyond what is called for in the 1983 programs for wheat, feedgrains, rice and upland cotton. The basic idea of PIK is that farmers are offered an amount of commodity as payment for reducing additional acreage.

The PIK approach has several appealing and unique features:

- Production can be reduced beyond that expected under the 1983 programs for wheat, feedgrains, rice and upland cotton, and thus bring supply back into closer balance with demand.
- Stocks can be reduced at the same time that production is cut back, lessening the overhang on the market at harvest next year and enhancing the prospects for a market-led recovery in farm prices and incomes in future years.
- The availability of market supplies will be maintained, signaling to exporters and importers that the United States fully intends to remain a reliable and consistent supplier when production adjustments are made.

- Government outlays for domestic farm programs—e.g., loan volume, storage payments, deficiency payments—should decline.
- The PIK program, unlike other emergency measures, is self-terminating when excessive stocks have been worked off.
- Farmers would have the same or greater net returns while stocks are being reduced.
- Sound conservation practices would be applied to a larger amount of acreage.
- Storage space problems would be lessened.

Now I think you can appreciate why I am giving serious consideration to implementing such a program. The concept is sound, but the administration of such a program presents a challenge to the department.

Basically, a PIK program would be composed of two complementary activities.

First, there is the matter of encouraging farmers to participate in an additional acreage reduction program. In return for their participation, these farmers would be provided an amount of commodity as compensation for reducing acreage. The bushel replacement rate would generally be less than one-to-one relative to program yields since certain production costs are avoided when the land is not farmed. With lower costs, the producer could achieve the same or greater net returns by marketing fewer bushels. The actual value of the in-kind payment would depend on how and when a farmer chose to market the commodity received. . .just as it would on any commodity actually produced.

The second aspect of the PIK program involves the acquisition of sufficient stocks to make the necessary payments-in-kind. These stocks would most likely come from the farmer-owned reserve, with existing Commodity Credit Corporation holdings and regular loan stocks used if necessary. Arrangements would be made to transfer ownership of the stocks through the PIK program. I would anticipate that in many cases the same farmers who hold farmer-owned reserve contracts would also participate in the PIK program making the transfer of in-kind commodities fairly straightforward.

Let me be more specific about some of the mechanics of a PIK program as we currently envision it. I want to emphasize these are only

our thoughts at this time. Nothing is set in stone. Your helpful comments are most welcome.

- Duration. We think such a program should only be necessary for the 1983 and, perhaps, the 1984 crop years. It could be added to the programs that are otherwise announced for wheat, feedgrains, rice and upland cotton.
- Eligibility. As already noted, a PIK program would be offered to supplement the announced programs for wheat, feedgrains, rice and upland cotton. To avoid the usual slippage which results when farmers place their less productive land in any type of reduced acreage program, we would propose to make participation in PIK conditional on participation in the regular program. This should ensure the effectiveness of the PIK program in reducing production.

Our current thinking is to pursue two options on the PIK program. As the first option we would offer producers a replacement rate expressed as a percent of the program yield and allow farmers to withdraw an additional 10 to 30 percent of their base acreage (10 to 25 percent for upland cotton) for the PIK. This would provide for up to 50 percent of the base acreages of wheat, feedgrains, rice and cotton farms to be withheld from production.

The actual acreage withdrawn under the PIK would be an individual farmer's decision. Even if every farmer participated, this would limit the acreage withdrawn to 50 percent of a county's base acreage to minimize any adverse impacts on local economic bases.

We are also considering as a second option the possibility of allowing entire base acreage for a commodity to be withheld from production. This would be particularly relevant in counties where acreages withdrawn under the 10 to 30 percent PIK were relatively small. If such a whole base PIK were established we most likely would operate it on a bid basis. Farmers would tell us how many bushels per acre of in-kind commodity would be required to get them to participate. If sufficient acreage was not obtained through the 10 to 30 percent offer program, the lowest bids for whole bases would be accepted first.

Acreage withdrawn under a PIK program would have to be devoted to conservation uses. Since some producers will already have planted their crops by the time a PIK program could be announced, it is anticipated that haying and grazing would be permitted on such acreage

involved. It is likely summer fallow rules would apply—any land entered into the PIK program as part of a fallow rotation must not have been cropped in the previous year. Finally, cross and offsetting compliance would probably not be required.

• Compensation. As already noted, farmers would receive an amount of commodity in return for additonal acreage idled under a PIK program. The amount of commodity to be received per acre idled would be computed according to a uniform percent rate multiplied times the farm program yield. The offer rates would be established as an incentive to encourage participation.

Thus, for example, corn farmers with a farm program yield of 100 bushels per acre would need to evaluate the costs of production on the acre and the expected return on 100 bushels. If they feel that the quantity offered per acre based on a percent of their program yield will provide them with the same or greater net returns when they sell it, they will idle their acreage.

Let me stress that at this point that these rates have not been firmly established and are subject to change. Any amount less than 100 percent would ensure that less grain would be placed in the market through the program than would otherwise have been produced.

Each PIK participant would receive a certificate of entitlement for the calculated amount of commodity. This certificate would effectively transfer ownership of the calculated amount of wheat, feedgrains, rice, or cotton to the participating farmer.

• Redemption of Certificates. The certificates would be issued effective sometime after the first day of the marketing year for the commodity in question. In the case of corn, for instance, this would be Oct. 1, 1983; for wheat it would be June 1, 1983; and for rice and cotton it would be Aug. 1, 1983. At that point, ownership of the commodity would be transferred to the farmer.

To provide the farmer some flexibility in handling the commodity acquired under the PIK program, the CCC would allow from four to six months to take delivery if necessary. During this time, the commodity would be owned by the farmer who would be responsible for any marketing decisions and accrued storage charges.

The physical transfer of the in-kind commodity to the PIK participant would, of course, be affected by locations. Physical transfer

would make greatest sense in those cases where Farmer-owned reserve or CCC stocks are available locally. The easiest situation to deal with would be where a farmer currently holds a farmer-owned reserve contract and chooses to take his own grain as payment for participation in the PIK program. Beyond this, some reasonable definition of a local area will be developed to carry out physical transfers of PIK commodities.

In those cases where insufficient CCC or FOR stocks are available locally to meet the needs of the PIK program, the CCC would have to offer the farmer other options. For example, a farmer could assume ownership of his commodity at the location where it is stored. It would then be up to the farmer to arrange for the sale or further storage of his commodity. Alternatively, the CCC could agree to sell the PIK participant's in-kind commodity, the dollar value received by the participant being that which prevailed in the local area of the participant at the time of the sale. Other options are certainly available.

As you know, the idea of a PIK program has been floated before a variety of farm groups, members of the Congress, and others. The reception has been extremely positive. I am thus convinced that the time is right for this innovative approach to bringing supply into balance with demand and stocks back under control. I know, and other farmers know, that we will not restore prosperity through the marketplace until stock levels are reduced. These stocks hang over the market like the dark clouds of a summer thunderstorm. In assessing the implications of PIK we must be clear about its purpose—it is means for working off stocks while also reducing production and building a base for a future economic recovery in agriculture.

It is urgent that we move ahead with the PIK program. Some farmers have already planted crops for next year. Others will be planting soon. If we decide to use this approach, I would very much like to make an announcement on PIK as soon as possible.

The PIK program that I have described to you can largely, if not totally, be carried out under existing authorities available to the department. There are two areas, however, where legislative assistance would be helpful and clarify matters.

As you know, the CCC is required under provisions of the 1981 Farm Act to not resell any of its stocks for less than 110 percent of the

current farmer-owned reserve trigger prices. While there may be ways for us to deal with this problem, it would be most efficiently handled through a legislative exemption covering stocks distributed under a PIK program.

The second problem concerns the payment limitation provisions of the 1981 Farm Act. This could limit participation by many farmers who would otherwise be willing to put 10 to 30 percent or, perhaps, their entire base under the PIK program. While in-kind payments may not be subject to this limitation under current law, a legal clarification would be helpful.

International Donation of CCC Commodities

The United States has been blessed with the ability to produce agricultural products beyond its own needs. With so many hungry people in the world it seems only reasonable—in fact, responsible—that some of this bounty be shared.

We will need Congress to give us the authority to distribute surplus CCC grain stocks to the needy in other parts of the world. Authority should be granted under Section 416 of the Agricultural Act of 1949, as amended, to distribute stocks of wheat, feedgrains, rice and other commodities. Such authority was recently provided for surplus CCC dairy products. It should be extended to allow distribution of other commodities through public and nonprofit private humanitarian organizations. To assist in such donations, the CCC should be authorized to pay for any necessary repackaging, transportation, handling and related charges. These donations would be in addition to PL-480 and other forms of U.S. aid already in place. Also, if the program is implemented, the commodities would be targeted in a way that does not compete with commercial sales abroad.

Maintain 1983 Target Prices

The 1981 Farm Act mandates that the target prices for wheat, feedgrains, rice and cotton be increased each year over the life of the act. While these increases may have seemed fairly reasonable in the context of the rapid inflation of 1980-81, we have seen dramatic improvement in reducing the rate of inflation. The mandated increases in the target prices now provide incentive for production increases at a

time when moderation is needed. Production costs only went up 3 percent in 1982, and they may not go up at all in 1983. We must make sure that after stocks are reduced significantly, we do not have price supports and target prices that would get us back into the same situation we are in today.

Thus, the secretary of agriculture needs the authority to determine the appropriate target level, but not lower than 1983 levels. This authority should apply through the 1985 crop year.

Government's Role in Agriculture

We are now at a crossroads for the American farmer. Current slow economic growth in the U.S. and the rest of the world and instability in export markets have combined to create difficult times. However, there are some effective things government can do to help farmers help themselves. With that in mind, I would like to comment on S.3074, recently introduced by members of this subcommittee to help the farmers' dilemma, and then proceed on to some of my own thoughts on what role government ought to play in assisting farmers through these difficult times.

S.3074 consists of essentially three parts:

- mandatory acreage reduction for the 1984 crops of wheat, feed grains, upland cotton and rice, combined with higher minimum loan levels starting with the 1983 crop;
- authority for a PIK program; and
- authority to use commodities acquired by CCC, through its price support operations, to increase agricultural exports.

- I believe it is premature to begin establishing mandatory acreage control programs for the 1984 crop before the 1983 crop is planted. Many highly variable factors affect agricultural production. Although the U.S. experienced record harvests the past two years, who really knows how long this will continue?

In addition, incentives to participate in the 1983 commodity programs are much more attractive than for the 1982 programs. Legislating rigid acreage control programs so far in advance seems certain to invite trouble. We have only to look at the dairy program laid out in the 1977 Farm Act for guidance on how rigid programs can get you in trouble over time. Moreover, such provisions signal to the rest

of the world that we are more than willing to be the shock absorber for the world—so why shouldn't they produce more?

Increased minimum loan rates are totally inappropriate at this time. They would quickly price our commodities out of the world market, a lesson we should have learned in the 1950's. Moreover, it must be remembered that while the United States has attempted to reduce its production, other exporters have actively increased their acreages—a situation that would surely be encouraged if loan levels were increased. Increasing loan rates would also lead to reduced exports, at a time when we are desperately trying to increase them. Clearly, any increase in loan rates must be strongly resisted.

Provisions of S.3074 allowing the establishment of PIK for use as an incentive to reduce production are obviously in keeping with my proposal. As have noted, not only does such a program reduce production, but it also reduces current stocks that overhang the market so badly. However, the PIK provisions in S.3074 are too rigid and hold the potential of undermining the administration of a PIK program.

Establishment of a PIK base and the insistance that PIK commodities be physically located in the same county as the participating farm are far too rigid to be accepted by farmers.

Requiring a PIK base unnecessarily complicates the program, making it more difficult for farmers to understand. The location requirement assumes CCC stocks are evenly distributed throughout producing regions and that producers would prefer PIK grain located near the farm rather than at the point of sale or export locations.

S.3074 obviously is motivated by the pressing need that we all feel to help farmers, and I commend the authors for getting some of the issues out on the table. However, there are some things the federal government should do and many that the federal government should not.

The farmers' number one market is the domestic commercial market. The condition of that market depends to a great deal on the strength of the economy. Thus, the first priority of government is to help build and maintain vibrant, strong, sound and expanding job-making economy.

We have made a good start in the past 22 months. The 1980 inflation rate of 13-1/2 percent has been cut to about 5 percent. The

prime interest rate of 20 percent or more in 1980 has been cut to below 12 percent. In September, the prices that farmers paid for all commodities—including services, interest, taxes and wage rates—were 3.3 percent higher than a year earlier, compared with a 12 percent increase during 1980.

The government has a role in helping farmers make temporary economic adjustments during difficult times. We can help farmers adjust production. We are offering farmers loans on their crops to help carry them over harvest gluts and periods of unusual production. We will have provided a record $12 billion in financial assistance to farmers in fiscal 1982; $6 billion of that in the form of commodity-secured loans. However, there is a limit.

We can help farmers insure against natural risks with an aggressive crop insurance program. We have such a program in place and continue to make improvements. In addition, we can do more to emphasize research on new uses for farm products.

Farmers' number two market is the export market. The rules of international trading are set by governments. So our government has a responsibility to help American farmers capitalize on their efficiency by working to keep international agricultural markets competitive; to reduce or eliminate trade restrictions; and to counteract subsidized farm exports where Amercian farmers must compete against foreign treasuries.

Where our government is not successful in freeing up trade, removing obstacles or reducing foreign export subsidies, we need to be strong and ever-vigilant. I favor using a greater share of our available public funds in aggressive programs to expand exports.

Recently, I announced a three-year $1.5 billion "blended credit" program to expand agricultural exports through lower interest rates on those exports. And we are analyzing other programs to increase exports. But just exporting more will not rid ourselves of the current problem. Our stocks are too large. We must attempt every way to sell more.

I don't think the American public wants the government to sit by while our farm exports suffer. Every American has a stake in farm exports, since those exports create a favorable balance of trade that compensates for our deficits in industrial trade. In addition, every $1

billion in agricultural trade creates an additional $1 billion in U.S. economic activity. And that means jobs—35,000 jobs for each additional $1 billion in exports.

Finally, we must retain our credibility as a reliable supplier. That reputation has been tarnished only by our government, not by farmers and their ability to produce. This administration has a strong policy to support farm exports. That policy will be maintained.

I urge you to join me in tackling the economic problem facing farmers today. We can get the job done, but only if we work together. The challenge is before us, we must meet it together for our farmers and the agricultural economy. Agriculture is the nation's greatest strength. Prosperity must be restored.

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News Releases

U.S. Department of Agriculture • Office of Governmental and Public Affairs

POTATO GROWERS TO VOTE ON PROPOSED CHANGES IN RESEARCH AND PROMOTION PLAN

WASHINGTON, Dec. 3—Potato producers in the 48 contiguous states will vote Dec. 13-27 in a U.S. Department of Agriculture mail referendum on whether to increase assessments on the potatoes they grow and amend the Potato Research and Promotion Plan.

Russ Hawes, a marketing official with USDA's Agricultural Marketing Service, said his agency is mailing ballots and voting instructions to all known growers of five or more acres of Irish potatoes. Any grower who does not receive a ballot by Dec. 13 may request one from a county extension agent.

The potato research and promotion plan, authorized by Congress in the Potato Research and Promotion Act, is financed by an assessment on potatoes handled. Producers who do not wish to contribute are reimbursed upon written request.

The proposal would authorize an increase in the maximum rate of assessment from one cent per hundredweight to one-half of one percent of the past 10-year average price received by growers, as reported by USDA. Hawes said the increase is intended to offset inflation, which has curtailed program activities in recent years.

The amendment also would provide for a public member on the National Potato Promotion Board, which works with USDA in administering the program. Reimbursement of referendum and administrative costs incurred by USDA would be provided. These changes are consistent with USDA's policy on research and promotion programs, Hawes said.

To become effective, the amendment must be approved by at least two-thirds of the voting growers, either by number or by volume of production they account for.

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BLOCK SUGGESTS EXTENSION, USDA HELP IN STATE FOOD DISTRIBUTION PLANS

WASHINGTON, Dec. 3—Help in setting up and carrying out state plans to distribute surplus dairy products was suggested to governors today by Secretary of Agriculture John R. Block.

In a letter to governors, Block suggested the assistance of the Cooperative Extension Services and of each state's Food and Agriculture Council, composed of representatives of U.S. Department of Agriculture agencies.

At the same time, he stressed the need for involvement of the private sector and volunteers in any distribution efforts.

Block cited Minnesota as an example of a successful distribution program that involved the private sector and 5,000 volunteers. The endeavor, he noted, was headed by Robert Bonine of the Pillsbury Company, and trucks were volunteered by Super Valu stores and by Land O'Lakes.

The Minnesota effort, he said, reached 499,000 people, or one of every eight citizens in the state. Each of the needy persons was provided eight pounds of dry milk, five pounds of cheese and four pounds of butter.

"This is a remarkable example of what can be done for the public when government agencies, private industry and voluntary organizations pool their resources and skills," Block said.

Block said he is asking the Extension Services nationwide to serve as a resource to the governor's office of each state in support of the state's distribution program. Many Extension offices already are cooperating in distributing USDA dairy products, Block said, providing, among other help, information about how to store and use the cheese.

The Extension Service, he said, would be able to advise on the development of statewide distribution plans for both urban and rural areas, could assist officials in identifying distribution sites and volunteer assistance.

Further assistance could be obtained from each state's Food and Agriculture Council, Block said.

"They are familiar with the program and could be useful to you in identifying volunteer sources that could be approached for help," he said. "By working together, we can help make this effort a truly useful

supplement to the diets of even more of the nation's less fortunate citizens."

In his letter, Block noted the approach of the "traditional season for sharing abundance and for demonstrating concern for our fellow citizens."

USDA still is holding in uncommitted inventory about 800 million pounds of cheese and 400 million pounds of butter. The dairy products were bought under the federal dairy price support program.

On Dec. 1, Block announced continuation of the distribution of surplus cheese and butter nationwide through December 1983. In the existing program, parts of which began almost a year ago, USDA has delivered to states more than 135 million pounds of cheese and 8.2 million pounds of butter.

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USDA RAISES FEES FOR GRADING LIVESTOCK FOR COMMODITY MARKETS

WASHINGTON, Dec. 6—Fees charged by the U.S. Department of Agriculture for grading and certification of livestock traded on commodity markets will be raised to offset costs of providing the service. The increase, on an interim basis, is effective Dec. 13.

Thomas H. Porter, an official of USDA's Agricultural Marketing Service, said the increase is the minimum amount necessary to fully recover the costs of conducting the grading and certification program.

Fees will be increased from $23.20 to $29.40 per hour for work performed between 6 a.m. and 6 p.m., Monday through Friday.

Grading and certification work performed on Saturday, Sunday and between 6 p.m. and 6 a.m. Monday through Friday will be increased from $28.20 to $32.80 per hour. Fees for work performed on legal holidays will be increased from $46.40 to $58.80.

Livestock is graded and certified on deliveries made to settle futures contracts for the Chicago Mercantile and Mid-America commodity exchanges and on livestock financed through the Commodity Credit Corporation for export.

Notice of the fee increase is scheduled to be published in the Dec. 7 Federal Register, available at most public libraries. Comments on the increase may be sent until Jan. 6 to James A. Ray, Livestock, Meat, Grain and Seed Division, rm. 2623-S, AMS, USDA, Washington, D.C. 20250.

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USDA REVISES GRADE STANDARDS FOR ORANGE JUICE

WASHINGTON, Dec. 6—The U.S. Department of Agriculture has revised U.S. grade standards for orange juice to bring them into line with current citrus marketing practices.

Donald Kuryloski, a marketing official with USDA's Agricultural Marketing Service, said representatives of the citrus industry asked USDA to update the standards.

The revised standards, which become effective Jan. 10, incorporate "reduced acid frozen concentrated orange juice" into the list of juice products.

Kuryloski said the flavor of orange juice is changed when acidity is reduced, resulting in a sweeter tasting juice. The standards treat acid-reduced juice as a separate product and establish grade requirements for it.

The standards provide for the optional use of electronic colorimetry to measure the color of reduced acid frozen concentrated juice.

"The price of orange juice is determined in part by its color," Kuryloski said. "Plastic color guides are available to help determine the color visually, but electronic colorimetry provides a more objective measurement."

Other juice products in the standards include canned, dehydrated and pasteurized juice, frozen concentrated juice, concentrated juice for manufacturing, canned concentrated juice, and juice from concentrate. Simplified tables outlining grade requirements for all products were developed for the revised standards.

The soluble solids content of orange juice products is measured in Brix degrees. The term "acid" expresses the percent, by weight, of

anhydrous citric acid. Requirements for the ratio of Brix value to acid are contained in the standards. The revisions raise the maximum ratio requirements for U.S. Grade A concentrated orange juice for manufacturing and canned concentrated orange juice.

USDA will retain two grades, U.S. Grade A and U.S. Grade B, for all oranges. However, the descriptive terms "U.S. juice Fancy" and "U.S. Choice" will be dropped.

USDA proposed changing the standards Sept. 11, 1981. Kuryloski said the final rule reflects editorial changes recommended by the citrus industry during the comment period.

Details on the revised standards are scheduled to be published in the Dec. 10 Federal Register, available at many public libraries.

The Agricultural Marketing Service establishes grade standards and provides official grading services for many food products. Use of the grade standards and grading services is voluntary and paid for by the user.

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RESEARCH PLANNING TEAM REDUCED AT USDA

WASHINGTON, Dec.7—The U.S. Department of Agriculture's Agricultural Research Service is cutting its national planning and research direction team by 40 percent, efffective immediately.

Thomas J. Army, deputy administrator of the agency and head of the national program staff being reduced, said staff scientists affected by the reduction are being reassigned to research positions in the agency. He said this will allow a shift of staff and funds from administration to research.

Terry B. Kinney, administrator of the agency, ordered the realigment of staff in line with Secretary of Agriculture John R. Block's policy to reduce operating and administrative overhead at the USDA.

Army said the national program staff, based in Beltsville, Md., is being reduced from 58 to 35 professionals.

New emphasis will be placed on planning, coordinating and analyzing priorities and for allocating resources across broader research areas, Army said.

Organizing the national program leadership into interdisciplinary and problem solving teams, he said, will enable the agency to increase emphasis on research programs of national concern, including natural resources, animal and plant sciences, and human nutrition and product use.

Army said the reduced staff will continue to be the source of technical expertise within specific commodities, disciplines or subject matter areas.

According to Army, the reduced size of the national program staff "is the minimum number of people needed to carry out our agency's national program leadership functions efficiently and effectively."

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ACTING DIRECTOR APPOINTED FOR NATIONAL AGRICULTURAL LIBRARY

WASHINGTON, Dec. 7—Joseph H. Howard has been appointed acting director of the U.S. Department of Agriculture's National Agricultural Library to replace Richard A. Farley, who retired.

Orville G. Bentley, USDA assistant secretary for science and education, announced the temporary appointment today and said the search for a permanent director has begun.

Howard has been assistant director of processing services at the Library of Congress since March 31, 1975. He will assume his new duties part-time this month.

Until he takes over his new post full-time in January, Howard will work with both libraries and will maintain working relationships with both for the duration of the temporary service.

A native of Olustee, Okla., Howard received a bachelor's degree from the University of Oklahoma in 1952. After serving with the U.S. Army 2 years and teaching from 1954 to 1956 in Kiowa, Kan., public schools, he returned to the University of Oklahoma, where he received a master's degree in library science in 1957.

In 1967, he joined the Library of Congress staff as assistant chief of of the descriptive cataloging division and was promoted to chief of that division in 1968. In 1972, he was appointed chief of the serial records division, and in 1975, he became assistant director of processing services.

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NEW USDA CATTLE BRUCELLOSIS REGULATIONS WILL BE EFFECTIVE JAN. 12

WASHINGTON, Dec. 9—Revised and updated regulations to prevent the spread of cattle brucellosis across state lines will go into effect Jan. 12, a U. S. Department of Agriculture official said today.

John Atwell, deputy administrator, veterinary services, for USDA's Animal and Plant Health Inspection Service, said definitions, as needed, will be included in the regulations; and requirements for moving cattle will conform to the new system of rating states for levels of brucellosis infection.

The regulations spell out requirements for moving cattle interstate from free and class A, B and C states. The fewest restrictions apply to free and class A states.

The new regulations define all program terms, such as "class C state." Previously, the definitions were contained in a separate document—the brucellosis program's uniform methods and rules, Atwell said.

The move to include definitions in the federal regulations drew a number of comments from the public when they were proposed last January, Atwell said.

"We had to assure people that including the definitions and explanatory material in the regulations would not cause federal authority to be extended into areas reserved for the states or industry," Atwell said.

"Now, the code of federal regulations and the uniform methods and rules each have their own set of definitions, which are compatible; and each document can stand alone without dependence on the other. At the same time, the traditional method of changing program standards

with recommendations from the states and industry through the U. S. Animal Health Association remains intact."

Atwell said the revised federal regulations do not apply to movement of cattle within a state or to other matters reserved to the states.

"These changes in no way impinge on the privileges of the states or the livestock industry of the respective states," he said.

Brucellosis is a bacterial disease of cattle and other animals that also can be transmitted to people. It causes cattle producers economic losses through aborted calves, breeding problems and lower milk yields.

Though rare today, human brucellosis is still an occupational risk for slaughter plant workers and livestock handlers in contact with infected animals or their freshly killed carcasses. Milk from infected animals poses no risk after it is pasteurized.

The new regulations are scheduled to be published in the Dec. 13 Federal Register.

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USDA STUDY FINDS MOST DOG BREEDERS PROVIDE GOOD CARE FOR THEIR ANIMALS

WASHINGTON, Dec. 10—Although some dog breeders do not provide good care for their animals, most breeders are attempting to comply with federal standards, a U.S. Department of Agriculture veterinarian said today.

According to Richard Rissler of USDA's Animal and Plant Health Inspection Service, this conclusion is based on a recent USDA study of 158 dog breeding kennels in Arkansas, Illinois, Iowa, Kansas, Missouri, Oklahoma and Texas.

USDA investigators found 35 kennels that had one or more deficiencies, Rissler said. Another 50 kennels were not selling puppies for resale through pet stores and thus did not fall under federal regulation. The other 73 breeders were in complete or nearly complete compliance with federal standards.

These standards cover the ten major aspects of animal care and comfort set by the Animal Welfare Act, Rissler said. Rissler supervises

their implementation nationwide as assistant director of USDA animal health programs with special responsibility for animal care.

"Breeders with borderline operations have been slated for priority inspection in the future," Rissler said. "But there are others who seem to have made a special effort to improve animal care. For example, one in Texas dropped out of the dog breeding business and then restocked after setting up an entirely new facility. Another dealer, in Oklahoma, hired two additional animal caretakers, even though he had been cited for only minor deficiencies. A third, in Iowa, constructed an entirely new dog kennel."

The USDA study followed publication last fall of a "Closeup Report" by the Humane Society of the United States. The report claimed only one of several hundred "puppy mills" visited by a humane society investigator was in total compliance with federal animal care standards, Rissler said. "We always give first priority to complaints," Rissler said. "After reading the Humane Society of the United States' report, we felt these cases warranted special review."

USDA, in cooperation with the society, set up guidelines for investigating this large group.

"First, we compared USDA reports of routine compliance inspections with the individual humane society reports," Rissler said. "Then, where needed, we conducted on-site inspections at the kennels involved. We used a special inspection team in most cases, so that the regular inspector was not solely responsible for the special inspection."

Dealers with newly substantiated deficiencies were given deadlines for corrective action. USDA inspectors will make followup inspections soon after the deadlines to be sure the changes are made, Rissler said.

In cases where USDA already has a documented record of noncompliance despite earlier warnings, cases are being prepared for possible prosecution.

"We may be able to correct some of these cases with an official letter of warning," Rissler said. "In others, we will have to file administrative charges. If these charges are substantiated, administrative law judges can impose fines and take away a dealer's federal license to operate, either temporarily or permanently."

Rissler said he is especially concerned about dealers with an increasing number of deficiencies in successive inspections.

"I'd put about 20 dealers in that category—a situation we can't allow to continue," he said. "Quite simply, these dealers have two choices. They can dispose of their stock and give up their license. Or, they can renovate their facilities and change the way they do business."

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CONSISTENT POLICY SET FOR FIREWOOD CHARGES

WASHINGTON, Dec. 10—The U.S. Department of Agriculture's Forest Service has established a more consistent policy for its field offices to follow when issuing permits for gathering firewood for personal use from the national forests.

Forest Service Chief R. Max Peterson said Forest Service regional offices are developing plans to implement the more consistent firewood policy in the national forests.

Where a charge is made for national forest firewood, Peterson said, the minimum charge will be $10. Charges will be higher in national forest areas where there is a greater demand for firewood, such as in forests adjacent to large metropolitan areas.

Free firewood still will be available where supplies significantly exceed demand.

The amount of wood available under each permit will depend on local supplies, but, generally will be limited to a maximum of 10 cords of firewood per year for personal use.

The demand for national forest firewood has increased over 1,000 percent since 1973.

More than 900,000 permitees used 4.2 million cords of wood from the national forests through the personal use firewood program in 1981. This is the equivalent of 25 percent of all timber harvested from those forests, Peterson said.

"The personal use firewood program has grown to the point where it no longer is a minor use," Peterson said.

Most private landowners charge for firewood, Peterson said.

"Because about three-fourths of the forest land in the United States is privately owned, it is important that a future wood supply from such

lands be available,' he said. "It would be inequitable and discouraging to those landowners for the Forest Service not to charge for wood."

Further information on where the public can obtain firewood, either free or for a charge, will be available from Forest Service regional offices at the start of the 1983 firewood cutting season, which varies from one part of the country to another.

Those offices are located in Missoula, Mont., Lakewood, Colo., Albuquerque, N.M., Ogden, Utah, San Francisco, Calif., Portland, Oreg., Atlanta, Ga., Milwaukee, Wis., and Juneau, Alaska.

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